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KSCA, IN
SUBJECT: NETHERLANDS: U/S JOSEPH'S JUNE 21 VISIT TO THE
HAGUE

Classified By: Acting Political Counselor Jason Grubb, reasons 1.4 (b,d
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11. (S) Summary: Under Secretary for Arms Control and International Security Robert Joseph held bilateral consultations at the Dutch MFA, met with Dutch defense and foreign affairs committee spokespersons, and spoke to the press on June 21. Topics covered during his meetings included: the Proliferation Security Initiative (PSI), Iran, North Korean preparations for a long-range missile launch, the U.S.-India Nuclear Cooperative Initiative, the Fissile Material Cutoff Treaty (FMCT), a Dutch proposal to protect biological facilities, nuclear fuel assurances, and the AQ Khan network and Dutch businessman Henk Slebos. End summary.

Bilateral Consultations

12. (U) U/S Joseph consulted with Dutch MFA Director General for Political Affairs Hugo Siblesz on June 21. Dutch attendees included Security Department Director Robert de Groot, Deputy Director of the Western Hemisphere Department Jos Schellars, Head of Nuclear Affairs and Non-Proliferation Paul Wilke, and Senior Advisor for PSI Frank van Beuningen. U.S. attendees included Amb. Arnall, Senior Advisor Patricia McNerney, and polmiloff Jason Grubb.

13. (C) U/S Joseph began discussion with an update of the U.S.-India Nuclear Cooperation Initiative. He emphasized the positives, but noted the "step-by-step" approach has been slowed by a "wait-and-see" attitude in New Delhi, the Nuclear Suppliers' Group (NSG), and Congress. He added that the USG is encouraging India to do more in terms of implementation, and noted positive discussions during a recent visit by a U.S. experts group, which suggested reason for optimism. He also highlighted an upcoming visit to New Delhi by IAEA experts that should result in further progress. Siblesz concurred with the description that New Delhi was adopting a "wait-and-see" approach, and related a recent visit by Indian officials to The Hague. He said the GONL generally views the initiative positively, but still has concerns about its affect on the non-proliferation regime, particularly for the Non-Proliferation Treaty (NPT), FMCT negotiations, and CTBT. Joseph argued for the need to be realistic when dealing with countries outside the NPT. This initiative gets India to make certain commitments -- such as banning sensitive technology transfers -- which will bolster the regime.

14. (C) Siblesz suggested that India was a special case with a

"clean bill of health" on proliferation. Pakistan, on the other hand, has a completely different proliferation track record. Joseph agreed; Pakistan's ties to the AQ Khan network prohibits such a deal. Over time, Pakistan's track record might be resolved, but first Pakistan must demonstrate credibility, he said. Siblesz questioned if the U.S.-India initiative would throw off the precarious India-Pakistan regional balance, as India might now be free to pursue the development of nuclear military options now that its civilian needs will be assured. Joseph rejected this argument; if it wanted to, India would find a way to develop its military capabilities despite limited sources of uranium. In that sense, Joseph said, one could make a stronger argument in favor of the U.S.-India initiative, which would place safeguards on Indian civilian facilities, thereby preventing India from using them for military purposes in the future.

¶5. (C) Turning to the FMCT, Siblesz welcomed the U.S. draft treaty and negotiating mandate tabled at the Conference on Disarmament (CD), and hoped the USG will be flexible on "effective verification," which will require resolution during negotiations. But he stressed a fine line between rejecting linkage with other non-proliferation efforts and addressing concerns voiced by partners, such as the Prevention of an Arms Race in Outer Space (PAROS). Siblesz offered the GONL's services in working with the USG to determine PAROS redlines. Joseph denied the existence of an arms race in outer space, and suggested PAROS was an attempt to criticize the USG for missile defense plans. He added that missile defense will protect both the United States and allies -- with North Korea prepared to launch a long-range missile, such missile defense plans would seem to be timely. He said the FMCT is a test for the CD, which has been inert for the past ten years. If the CD chooses to hold up

consideration of the FMCT to discuss something as "vacuous" as PAROS, then we need to start thinking about the utility of the CD, Joseph said. On FMCT, he said the USG determined "effective verification" was not possible following a thorough review. He indicated the USG would be willing to exchange views on its findings but not to engage in negotiations of a verification element for addition to the FMCT. Siblesz welcomed this, but hoped the USG would be prepared to "try and convince" partners.

¶6. (C) Siblesz noted the upcoming Biological Weapons Convention (BWC) review conference, and proposed the creation of a fund to help cover security for bio facilities and institutions. Wilke added that the fund could be based on the IAEA nuclear security fund to protect installations. Outstanding questions include which countries would contribute to the fund, and whether an organization should be created to manage it. Wilke noted U.S. reluctance to institutionalize the BWC; perhaps the managing organization could reside outside the conference. Joseph said the proposal seemed constructive and indicated interest in hearing more.

¶7. (C) On nuclear fuel assurances, Joseph ran through the background of the U.S. proposal to the IAEA. Siblesz questioned whether the proposal could function as a market. Joseph argued that it could -- based on Russian experience with Iran on Bushehr, it would seem Moscow would be keen to make money by providing nuclear fuel. Siblesz asked if the proposal should be available for countries under sanctions. Joseph argued against their inclusion, especially if their intention is to acquire a nuclear military capability. Siblesz made clear that the GONL believes Iran's uranium enrichment program has military objectives. But, if Iran chooses to abandon this pursuit, would the fuel be available? Joseph replied affirmatively.

¶8. (C) Turning to PSI, Siblesz lamented that more publicity could not be generated from the successful cooperation and corresponding interdictions. Joseph agreed, but said some countries would prefer to be anonymous in terms of their cooperation, given regional sensitivities. But he argued that PSI has been an overwhelming success, most notably

playing a key role in knocking Libya out of the proliferation business.

¶9. (S) Referring to the AQ Khan network, U/S Joseph raised points on Dutch businessman and AQ Khan associate Henk Slebos. He argued the importance of punishing each member of the network to keep them out of the business and deter others from proliferating. Joseph suggested the sentence received by Slebos was relatively lenient in comparison to the actions he committed, and certainly would not deter others. Siblesz acknowledged the point, and refrained from commenting on the Dutch legal system. However, he said the Dutch prosecutor's office has appealed the sentence due to the leniency. He also noted that Dutch intelligence authorities continue to monitor Slebos in order to "keep him under wraps." He welcomed any information the USG might be able to provide in order to assist Dutch authorities in continuing to build the case against Slebos. U/S Joseph welcomed continued dialogue on ensuring Slebos was not allowed to reconstitute his activities.

¶10. (C) On Iran, Siblesz said the GONL supports the efforts of the P5 1. He noted, however, that it was difficult to publicly support the incentive/disincentive package developed in Vienna without knowing its contents. Siblesz argued the EU will become instrumental, should Iran reject the package -- and the Dutch can be very helpful in making sure the EU is tough. The Dutch support the approach, but being "left in the dark" is disappointing when some portions of the package are printed in the International Herald Tribune, Siblesz said. Joseph stressed the package is an attempt to allow diplomacy to work. However, if Iran rejects the package, then the international community should be very skeptical of Iran's intentions. Siblesz agreed; it was very useful to force Iran to "show its cards."

¶11. (C) Turning to North Korea, Joseph said Iran will be watching closely to see how the international community responds to North Korean plans to launch a long-range missile. He also emphasized the impact on strategic thinking

in Asia, and suggested a weak response might catalyze the nuclear debate within Japan. Siblesz wondered whether China might play a constructive role in convincing North Korea not to launch, but added that China does not appear willing to even "go through the motions" regarding North Korea.

¶12. (C) On the CTBT, Siblesz said we "agree to disagree." However, the Dutch have heard rumors that the USG might "unsign" the CTBT; this would not be viewed positively in the Netherlands. Joseph discounted these rumors, stating that he had not heard of such internal discussion for a number of years.

Meeting with Dutch Parliamentarians

¶13. (U) U/S Joseph met members of the Dutch parliamentary foreign affairs and defense committees during a breakfast roundtable hosted by Ambassador Arnall. Dutch parliamentarians included Green Left foreign affairs spokesperson Farah Karimi, Defense Committee Chair Nebahat Albayrak (Labor Party), VVD foreign affairs and defense spokesperson Hans van Baalen, CDA defense spokesperson Roland Kortenhorst, CDA foreign affairs spokesperson Henk Jan Ormel, D-66 foreign affairs spokesperson Bert Bakker, and D-66 defense spokesperson Koser Kaya. U.S. attendees included senior advisor Patricia McNerney, Polcouns Andrew Schofer, and polmiloff Jason Grubb.

¶14. (C) U/S Joseph began discussion by explaining his attendance at the PSI conference in Warsaw, and relating recent PSI successes, including the infiltration of the AQ Khan network. Karimi noted the Netherlands' own ties to the AQ Khan network through Dutch businessman Henk Slebos. Discussion turned to Iran after U/S Joseph noted Iranian centrifuge cascades were based on AQ Khan's plans. Karimi asked if the United States would be able to convince Iran to

accept the Vienna incentive package. U/S Joseph replied that convincing Iran was a responsibility of the entire international community, not just the USG. Otherwise, Iran will have breathing room to manipulate the international community with its "right to enrich".

¶15. (C) Van Baalen suggested the new U.S.-India nuclear cooperative initiative creates "holes" in the NPT. U/S Joseph disagreed, noting India has been at odds with the NPT for the last 20 years, and that it is better to have India "half-way in" than completely outside the regime. He argued the positives, including India's agreement to IAEA safeguards, FMCT negotiations, and NSG guidelines. He added that IAEA Director General El Baradei supports the initiative. Van Baalen asked if Pakistan will get the same deal; U/S Joseph said Pakistan's negative proliferation track record and association to the AQ Khan network prohibited a similar initiative.

¶16. (C) Van Baalen noted fears of non-state actors acquiring nuclear weapons from lapse security situations in the former Soviet Union. U/S Joseph acknowledged rumors of missing "suitcase" nuclear weapons, but indicated there is no firm information on such items and suggested terrorists, given their record, would have used nuclear weapons if they had them. Even so, Joseph noted, President Bush said the preeminent threat we face is a terrorist armed with a nuclear weapon -- in that sense, we need to work together to detect and interdict to avoid catastrophic consequences. Ormel pointed to the need for reliable intelligence, and asked about U.S. intelligence failures in Iraq. Joseph pointed to the creation of the Director of National Intelligence as one of several ways the USG is addressing intelligence credibility.

¶17. (C) Bakker asked about North Korean preparations to launch a long-range missile. U/S Joseph acknowledged that it appears North Korea intends to launch in violation of its moratorium on missile tests and the spirit of its agreement in the Six-Party talks. U/S Joseph stressed the importance of a strong response from the international community. Otherwise, he suggested it might embolden nations like Iran while sending mixed signals to allies like Japan. He added that Japan began debating the nuclear question after North Korea's last launch in 1998; a new launch may resurrect this debate.

¶18. (U) U/S Joseph also addressed questions on reducing nuclear weapons deployed in Europe, the extent to which proliferation issues are debated in the U.S. public, the administration's proliferation strategy, whether the USG planned to leave the moratorium to test a new generation of nuclear weapons, and his participation in the U.N. small arms and light weapons conference at the end of June.

Press Interviews -----

¶19. (U) U/S Joseph gave two interviews to the television documentary program NETWERK and the Dutch national newspaper "de Volkskrant". U/S Joseph answered questions regarding the North Korean long-range missile plans, the nuclear impasse with Iran, his experience during the Cold War, the administration's proliferation successes, CIA overflights, and PSI.

¶20. (U) U/S Joseph has cleared on this cable.

BLAKEMAN